

Assessment Solutions

Theme 4: What Is Taxed and Why
Lesson 1: Federal/State/Local Taxes

Part 1

Match the descriptions with the correct key term. Write the letters of the correct key terms on the lines provided.

Answer Key

- A. transaction taxes
- B. individual income taxes
- C. property taxes
- D. corporate taxes
- E. general sales tax

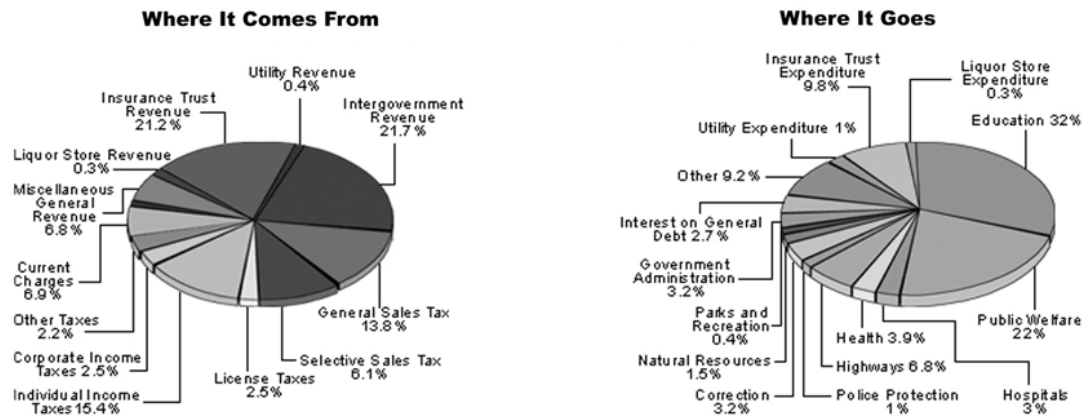
- B** 1. The largest share of federal tax revenue comes from _____.
- C** 2. What homeowners pay based on the value of the residence.
- E** 3. _____ makes up nearly 14 percent of state revenue.
- D** 4. Communities sometimes waive _____ to bring new businesses to town.
- A** 5. Taxes collected on the sale of clothes are an example of this type of tax.

Part 2

Rank the following revenue sources in the order in which they contribute to state income. Use 1 to label the item that contributes the greatest amount. Use 5 for the item that contributes the least. Consult the pie chart on the next page for help. Write your answer in the space provided.

- 3** Individual income taxes
- 1** Intergovernment revenue
- 5** License taxes
- 4** General sales tax
- 2** Insurance trust revenue

State Revenue and Expenditures



Part 3

Match state expenditures to the percentage of spending. Write the letters of the correct percentages on the lines provided. Consult the pie chart above for help.

Answer Key

- A. 32%
- B. 2.7%
- C. 1%
- D. 6.8%
- E. 22%

- | | | |
|----------|----|-------------------|
| E | 1. | Public Welfare |
| D | 2. | Highways |
| C | 3. | Police Protection |
| B | 4. | Interest on Debt |
| A | 5. | Education |